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PROGRAM ANALYSIS
AND EVALUATION

ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

JUN 6 1979

MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT: PRM-45 (S)

DATE 20 Apr 2005 *A-1A*

- ~~(TS)~~ The draft of PRM-45 recently provided by State for OSD review omits or does not adequately emphasize important considerations for future ROK defense programs. I believe these areas should be included in the issues to be reviewed by the June 7 SCC and forwarded to the President for decision.
- ~~(TS)~~ PRM-45 examines the withdrawal of the 2nd Infantry Division from Korea as a result of the intelligence community's re-estimate of the North Korean ground order of battle. Not only are North Korean ground forces about 70% stronger than we believed at the time of PD-18, there is some possibility that the United States would have to introduce substantial ground reinforcements in a war to prevent defeat of the ROK. This will remain true through 1985 if ROK force improvements proceed as presently planned. There is no reason, however, why South Korea--with twice the population and already three times the GNP--cannot eventually match the defense effort of the North.
- ~~(TS)~~ Primarily because I believe that it will help to deter a war, I support a substantial delay in the planned withdrawal of the 2nd Division during this period of adjustment. However, strengthening the ROK ground forces must be one of the highest-priority goals in our common defense efforts. Moreover, given the very tight constraints on U.S. Army manpower, it is important that we eventually acquire more flexibility in the use of the 2nd Division. No matter what its peacetime location, it should be eventually programmed for contingencies throughout Asia, including the Persian Gulf, and not only in Korea.
- ~~(TS)~~ PRM-45 notes several "critical deficiencies" in ROK forces and sketches some corrective measures, but it ignores or excludes almost all means to accomplish the measures:

The PRM fails to make any connection between a U.S. decision to delay or stop ground force withdrawals and a ROK decision to do more to strengthen its own ground forces. I believe that before giving the ROK (or Japanese) government a commitment to delay or stop the ground force withdrawals, the U.S. should seek a commitment from the ROK to do more than it

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now plans to strengthen its ground forces. Moreover, we should emphasize that expensive projects, such as F-16 purchases or aircraft co-assembly, to improve ROK capabilities in air and naval forces, where the U.S. can most easily fill the gap, should receive much lower priority than urgently needed ground force improvements.

- The PRM also argues for the position made by the Ambassador and endorsed by General Vessey that ROK defense spending should not be increased significantly. However, according to OSD and CIA economic analyses, ROK defense spending could be increased from the projected level of about 5.5% to at least 7% with little effect on ROK economic growth or standards of living. While recognizing that the political health of South Korea is clearly a U.S. interest, we must also do something to improve the military balance on the Peninsula and reduce the demands on scarce U.S. Army manpower. The economic burden on Korea can be eased by U.S. and, even more appropriately, by Japanese assistance.
- The PRM suggests that if the 2nd Division stays in Korea, FMS credits and IMET funding for Korea can be reduced. Analysis of ROK needs suggests the opposite. The planned FMS credits of about \$250 million and IMET funding of about \$2 million annually for the next few years support the present ROK Force Improvement Plan, and will be needed whether or not the 2nd Infantry Division stays in Korea. In fact, some increases in FMS might be needed to cushion the immediate impact of the surge in ROK defense spending that we should be recommending.
- The PRM does not consider ways that Japan could contribute to ROK defense, such as those we suggested in the recent PRC back-up book on the Consolidated Guidance. Since defense of South Korea helps protect Japan's interests, Japan should pay some of the cost (perhaps indirectly). The U.S. should use any decision to increase its planned contribution to ROK defense--such as stopping the withdrawal--to elicit a Japanese contribution.
- Finally, the PRM does not consider the indirect cost of preparing another U.S. division for non-NATO conflicts, should the 2nd not be withdrawn and configured as currently programmed.

~~U (S)~~ I believe that it is possible to remedy the most serious deficiencies in ROK ground forces and to bring the projected 1985 North to

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South firepower ratio of ground forces in Korea down from more than 2:1 to 1.5:1. Although only sketchy ROK cost data are available, tentative estimates indicate that the package would cost a total of \$8 billion in 1979 dollars in the period 1981-85. Increasing the ROK defense allocation from the present 5.6% to about 7% of GNP would generate roughly \$5 billion during 1981-85 (assuming 5% real GNP growth as opposed to the better than 10% annual real growth that South Korea has achieved since 1972). The remaining \$3 billion needed by the ROK could be shared equally by the U.S. and Japan.

4 (S) Some of the argument over improving ROK ground forces seems to center on whether the ROK can increase its defense expenditures substantially in the next year or two. However, the real target for a substantial get well program is later than that. In fact, production constraints will preclude any significant equipment increases before 1982. However, it is important that we get agreement on a 5 or 6-year ROK improvement program as part of any decision to delay withdrawals.

4 (S) In addition to placing greater emphasis on ROK force improvements, the PRC should also consider:

- Early U.S. Air Augmentation. To make effective use of the very limited warning available, the United States should adopt a policy of conducting "responsive exercises" to augment our air forces on early warning indicators. Also, to make the U.S. tacair contribution more effective in the particularly crucial early days of a war, we should consider increased peacetime stationing of U.S. air forces in Korea.

- War Termination Policy. The understanding that an allied counter-offensive would stop at the present DMZ weakens deterrence. In discussing the possible need for U.S. ground reinforcements--which is much greater now than we thought it was in 1977--we should make it clear that U.S. reinforcements would have the capability of ending the war on terms more favorable to the defense of Seoul than the existing DMZ. Although we will obviously want to emphasize our expectation that deterrence will continue to work, rather than what happens if it fails, I think that we can both strengthen deterrence and reassure the South Koreans by noting that the North would place its own territory at risk if it attacked the South.

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cc:
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ASD(PA&E) memo for SecDef, subj: PRM-45 (S)

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